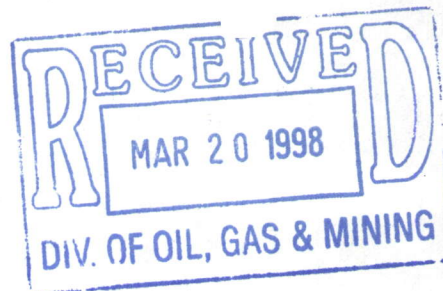




Magnesium Corporation of America

238 North 2200 West, Salt Lake City, Utah 84116
(801) 532-2043, Fax (801) 534-1407



March 19, 1998

CERTIFIED MAIL #P 615 419 770
RETURN RECEIPT REQUESTED

Glen A. Carpenter
District Manager
Bureau of Land Management
Salt Lake District Office
2370 South 2300 West
Salt Lake City, UT 84119

RE: Response to March 5, 1998 Notification of Intent to Terminate R.O.W. U-54897 for unauthorized use.

Dear Glen,

As per our telephone conversation and messages, Magcorp representatives are prepared to meet and show cause why R.O.W. U-54897 should not be terminated. Allegations that Magcorp is operating the Knolls Solar Pond facility on naturally occurring shallow ground water intercepted by the inlet canal is absolutely false and based on an apparent misunderstanding and lack of information by members of your organization. We have independent studies as well as personal experiences and data which when shared with your organization will hopefully correct any misunderstanding.

Our representatives are available the afternoon of March 26, 1998 or anytime thereafter through the 30 day time period which you have established for said appeal.

We look forward to clearing up this matter and maintaining R.O.W. U-54897.

Sincerely,

Lee R. Brown
Vice President
Magnesium Corporation of America

cc: Michael Legge
Tom Tripp
Kent Shearer
Eric Overby

D. Wayne Hedberg
Art Dufault
David Terry

000277